

**MINUTES OF THE REGULAR MEETING OF THE  
WASHINGTON STATE TRANSPORTATION COMMISSION  
November 16 & 17, 2004**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on November 16, 2004, at 2901 3<sup>rd</sup> Avenue, Seattle, Washington.

Commissioners present at the meeting were: Chair Stedman, Ed Barnes, Ruth Fisher, Dick Ford, Elmira Forner, A. Michèle Maher and Dan O'Neal.

**SECRETARY'S REPORT**

Doug MacDonald, Secretary, stated that today's presentation would provide Commissioners a closer look at the ferry system, as well as an opportunity to meet staff from ferries that are working on important projects.

Secretary MacDonald announced that Mike Anderson, Director of Marine Operations, has been appointed as Acting Director of WSF, and Steve McKerney has been appointed as WSDOT Internal Auditor.

He explained that the project to focus on this month is the I-5 HOV lane extension north of Seattle in the Everett area. This is a \$200 million dollar design build project that is a significant project in the "Nickel" fund. He shared that today is the groundbreaking for the first Sound Transit/Lynnwood HOV ramp and station crossover project constructed for Sound Transit by WSDOT. In December the Bellevue access project will have a similar opening. Both of these projects meet the on time on budget approach to project delivery. It is important that the "Nickel" projects are happening, and that communities and business leaders who are interested in transportation advocacy are aware that it's not just about getting the funding, but that the track record of project delivery is essential in obtaining funding for system improvements.

The SR 500 project in Vancouver opened early this month and appears to be very satisfactory. He pointed out that WSDOT's popular traveler information web page, used by more than 25 thousand people per day, has been reconstructed to update its technology. He shared that the Department is preparing for the 2005 Legislative session, where the HOT lanes discussion will be prominent. Another prominent discussion will clearly be revenue. The Commission has instructed the Department to work with different revenue funding scenarios that will be presented at tomorrow's meeting. In Seattle the situation has been linked to regional transportation funding package concerns. The Transportation Working Group (TWG), facilitated by Discovery Institute, Cascadia, is a local funding group that is working on their own funding ideas. TWG will make a presentation to the Commission in the future. This presentation will outline possible suggestions to support project funding in the Seattle area. Commissioner O'Neal commented that regional organizations around the state are looking at alternative funding resources. Secretary MacDonald commented that it is very important to look at the impact around the country and to realize that other communities are

struggling with the same concerns. Commissioner Fisher suggested that the tax structure of other states that collect transportation revenues, at the local level should be looked at.

Commissioner Ford commented that he agrees that each state's collection system is different and should be factored in. Secretary MacDonald referred to the Transportation Partnership Coalition, which is comprised of business leaders and civic groups that evolved from the Funders Groups. This group is also looking at alternative funding sources for transportation. The Downtown Seattle Association has been working on the funding issues on the Alaskan Way Viaduct. Commissioner Fisher asked if it would be appropriate to get all of the interested groups together to discuss funding. Chair Stedman responded that bringing all of the interested groups together would be an asset.

Secretary MacDonald provided a briefing of his meeting with the West Coast Corridor Coalition. The meeting consisted of looking at the issues of the I-5 corridor through California, Washington and Oregon. In summary, enthusiasm for corridor improvements is high in Washington and California, with Oregon showing a bit of resistance. What emerged from the meeting was a draft process to guide the organization. He expressed that the Commission's support is important in this process. He also shared that the Department is awaiting a decision from the Federal Highway Administration regarding the Hood Canal Bridge project.

Chair Stedman acknowledged Representative Beverly Woods presence in the audience.

### **WASHINGTON STATE FERRIES VESSEL PROCUREMENT UPDATE**

Mike Anderson, Acting Director, WSF, and staff provided briefings on the status of WSF's new vessel program. WSF is currently in the process of moving forward to have four new vessels built. These new ferries will retire four of the 65-year old steel electric vessels.

Ray Deardorf, Planning Director, WSF, explained that the new mid-range ferries are best suited for short to medium length routes. There are five vessels of this type in the system now that have proven to be most useful, flexible and provide more efficiency in the operations of the system. This will allow for smaller, slower vessels to switch to more suitable routes. The new ferries will strengthen routes and schedules by assigning one vessel to the Mukilteo-Clinton route to provide more truck and oversized vehicle capacity, another vessel will be assigned to the San Juan Islands replacing the smaller MV Sealth to provide additional vehicle capacity, a third vessel will be assigned to Seattle-Bremerton to improve service and customer comfort for heavy commuter sailings, a fourth vessel planned for Port Townsend-Keystone to accommodate peak demand and improve truck capacity allowing for retirement of two old steel electric vessels. Chair Stedman questioned if two of the vessels on the Port Townsend/Keystone is replaced with one, what happens to the time schedule. Mr. Deardorf responded that the frequency of service on the route would change from the current 45-minute frequency to 90-minute frequency year round. Commissioner O'Neal expressed concern regarding the need for additional parking at both terminals. Chair Stedman commented that he assumes that ferry users were consulted regarding this change. Mr.

Deardorf responded that there has been rider feedback indicating that they would prefer the 45-minute frequency. He explained that the trade off is that the current vessel accommodates 65 vehicles, whereas the new vessel would accommodate 130 vehicles.

Secretary MacDonald indicated that the Legislature requested that a Keystone Harbor study be performed.

Because of the complexity of the study it will not be ready until December 2004. The Keystone issue is currently being worked to visit efficiencies. Commissioner O'Neal inquired what the cost of the Keystone Terminal would be. Mr. Deardorf responded that the cost is still pending at around \$48 million dollars. Commissioner O'Neal asked what the additional cost for parking enhancements would be. Mr. Deardorf responded that it would be approximately \$20 million dollars. Parking facilities fall within preservation and would still be performed regardless of terminal enhancements.

Mr. Deardorf addressed how the Keystone Terminal would be impacted. The terminal would need to be moved out of the harbor, or confining harbor modifications with high performance rudders on the new vessels. The Keystone Harbor study, and further analysis, will select the best routes considering other service and vessel options for the possible relocation outside the harbor. If a new 130-car vessel is not assigned to the Keystone/Port Townsend route it could be assigned to another route. Commissioner Ford inquired why the high performance rudder would offset performance. Secretary MacDonald stated that the issue is high tides and weather conditions that affect the maneuverability of the vessel.

Laurens Zuidweg, Director Vessel Engineering, WSF, explained that the Legislature enacted Senate Bill 1680 in 2001, which guides the program. The legislation was developed by WSF officials, legislators, staff, Puget Sound shipyards, naval architects, labor unions, and customer advocates.

The vessels must be built in a Washington shipyard. Interested shipyards will be pre-qualified to develop and submit technical proposals for vessel design based on WSF specifications. The selection of successful shipyards to develop the final design and construct the vessels will not be by the usual design-build "best value" evaluation, but by low bid.

Bill Greene, Director Program Management & Development, WSF, explained that the Legislature has continued to support the new vessel program in the 2003 Transportation funding package. The funding package took essential steps to begin the procurement of the vessels as laid out by SHB 1680. The Legislature appropriated \$6 million dollars in the 2003-05 biennium for planning and shipyard selection. It approved expenditures of \$285 million dollars over ten years for the design and construction of the four new ferries. The Legislature specifically designated \$67 million dollars of the "Nickel Fund" for construction of the third vessel in the procurement process. Legislative expectations for funding the new vessel construction program from pre-existing gas tax revenue totaled together in the 2003 transportation funding packages are \$284.9 million dollars. In the 2005-07 biennium funding

sources will primarily be from bond proceeds in the amount of \$68.2 million dollars. WSF aggressively sought federal funds and received a grant through Puget Sound Regional Council for Federal Transit Administration funds. Secretary MacDonald explained that the numbers provide answers to current questions as to where funds are coming from for constructing the new vessels. He explained that the excess of total farebox revenue, concession fees and state taxes, fees and other revenue over total operating costs is where the funding is coming from. Chair Stedman iterated that this is not clearly understood and will need to be addressed again.

Mr. Zuidweg provided an overview of the outcome of the Request For Proposal (RFP) process. The shipyard prequalification has presented a challenge because of lack of recent new construction in Puget Sound and limited financial capacity of Puget Sound firms seeking to participate in the RFP. The final three shipyards that passed the special prequalification requirements for facilities, personnel and experience were: JM Martinac, Nichols Brothers and Todd Shipyard. The prequalification process is expected to be completed in December 2004.

Dave Humphries, Project Engineer, WSF, described technical detail of the outline specifications for successful program results. He explained that the vessels are being designed to expect a service life, and easier maintenance, for at least 60 years, more efficient vehicle and passenger loading, improved passenger comfort, convenience and enjoyment. The highlight of the vessel outline is lower fuel consumption, operating cost and wake minimization as a result of a new hull design. Depending on the rudder choice, an eighteen percent propulsion power savings may be realized. He outlined ADA requirements that will be added to the four new vessels.

Glen Douglas, Project Staff Chief, WSF, provided an overview of the outline specifications to install the best propulsion system on the new vessels. Propulsion procurement as “owner furnished equipment” makes construction coordination complex, but allows opportunity for federal funding for otherwise ineligible –built in Washington- vessels. Based upon the weighted factor analysis and life cycle cost, the diesel mechanical propulsion system similar to the current Issaquah Class propulsion system, is determined to be the leading candidate for the new vessels. Mr. Douglas outlined additional refinements that will be made on the new vessels. There is currently an environmental review underway on the project. WSF is preparing a checklist under the State Environmental Policy Act (SEPA) process to consider environmental changes for operating new vessels compared to current vessels. Highlights of the evaluation will be air emissions, propeller scour and wake wash, discharges to water and noise levels. WSF has also received categorical exclusions under the National Environmental Policy Act (NEPA) from the Federal Highway Administration and Federal Transit Authority, and a determination of “no effect” under the Endangered Species Act. There will be public outreach and participation in the environmental analysis beginning in the spring of 2005. Tribal consultations are planned during the public outreach period.

Mr. Zuidweg indicated that the prequalification of the shipyards is now in its final stage. Five shipyards initially applied for prequalification, three shipyards passed the special qualification requirements for adequate facilities, personnel and shipyard experience. Three

shipyards have submitted standard prequalification information, including financial information. The prequalification process is expected to be completed in December of 2004. Three or fewer players, depending on prequalification outcome and possible shipyard combinations, will likely go forward to the technical proposal phase.

The Request For Proposal (RFP) will be issued to the shipyards to prepare technical proposals based on the WSF outline specifications. In this phase there will be ongoing discussions with the shipyards, and specific milestones that will need to be met. The final technical proposals will be submitted to WSF by each shipyard team. The next steps will be estimates and submission of bids, and award of the design/build contract.

The final steps will be to develop detailed design and drawings in accordance to the approved technical proposal, and construction and delivery of new vessels.

Commissioner O'Neal inquired whether or not each of the new vessels would be built by the same shipyard. Mr. Zuidweg responded that "yes" the contract would be with one shipyard for all four vessels.

Secretary MacDonald noted that the new vessel project was structured by the Legislature with instruction imbedded in the statute that the ferry system was to achieve as much compensation and opportunity for shipyards, subcontractors and designers in Puget Sound and Washington as could be delivered in the program. From that there was an exception written, stating that ordinary bonding rules do not apply, the reasoning is that the scale of the program is significant. The Department is currently reviewing financial capability and prequalification.

Mr. Zuidweg explained that the engineer's estimate for the vessel construction would not be prepared until the shipyard's technical proposals are approved. Due to the instability of the price of steel there is a persistent price uncertainty. Approximately six percent of vessel construction price is for the cost of purchasing steel.

Mr. Humphries shared that WSF plans to take a proactive approach to assure a quality and cost-disciplined construction program.

Commissioner O'Neal inquired if WSF expects to stay within the financial parameters of the project. Mr. Humphries responded "yes" the expectation is to stay within the allocated funds.

Secretary MacDonald stated that he would use caution on the cost projections. Today's presentation is an early design level set of costs that is built from prior cost experience.

Mr. Anderson commented that WSF is enthusiastic about the new vessels.

## **FERRY TARIFF POLICY COMMITTEE UPDATE**

Ray Deardorf, Planning Director, WSF, introduced Alice Tawresey, Chair, Tariff Policy Committee. Ms. Tawresey provided a brief history of the Tariff Policy Committee. She indicated that the Committee was established in 1991 in response to a need to collect additional fare box revenues and to advise to the Department. It was also determined that there was no rationality to the way that fares were charged. The Legislature turned over the duty of setting fares to the Transportation Commission, so that it would not become a political football.

At the present time fare box recovery is between 78 – 79 percent of the operating costs of the ferries. The remainder of the operating cost is supplied by the Legislature, which comes by way of the Department's budget, which is considered and adopted by the Legislature. Essentially the Committee was established to get stakeholder input and opinions in the 1990's.

There have been significant increases to the fare, with public concern when it occurs, but without too much negativity. Ms. Tawresey introduced the members of the Committee to the Commission. Tariff Policy Committee members consist of four Legislators; two appointed by the House Transportation Committee; two appointed by the Senate Transportation Committee; four transit representatives; and one representative from each of: non-motorized interests; WSF employee unions; and WSF staff. She presented a copy of Resolution No. 593, which outlines the Commission's responsibility for management and oversight of WSF. The Resolution directs the Commission to establish a schedule of tariffs, and directs the Tariff Policy Committee to standardize and streamline the ferry system's tariff structure. The Committee considers fares based on the general legislative guidance found in RCW 47.60.326. The Committee's overall goal is to balance the objective of tariff simplicity, fare equity, revenue adequacy and transportation demand management. She provided an outline of what's called the CUBE policy where vehicles pay in proportion to the volume of space that they use. Tariff route equity is fares among routes are determined based on the proportional length of the route. The three exceptions to this rule are: where multiple routes serve the same market, fares are equalized to balance travel across the travel shed; international routes consider market conditions and competitor prices rather than length of route and passenger –only tied to Central Sound plus an additional surcharge. Peak season surcharges are implemented to account for the higher demand in summer, a peak season surcharge is added to all cash vehicle fares; frequent user discount programs address the desire for reasonable communication rates. The user program is designed to reward the most frequent users with the best per trip price.

The frequent user program is a very antiquated system. When the new Electronic Fare System (EFS) is implemented it will eliminate the coupon books. A replacement program is being designed to take advantage of the capabilities of the new system. The EFS also provides an opportunity to restructure the commercial account program. Incentives of the EFS encourage customers to purchase fare via the web or at kiosks in the terminals.

Mr. Deardorf shared that there will be a future presentation to the Commission that will outline a tariff proposal. The presentation will include overall revenue requirements. The EFS will provide the Department with more flexibility than what it has had in the past. He distributed the Tariff Review Schedule for 2004-05. Tariff Policy Committee meetings are scheduled September 2004 through December 2004. Public outreach will take place late February through early March 2005. The Commission will hear the proposal in late March 2005. The two-phase tariff fares will be implemented effective May 1, 2005 and May 1, 2006.

Ms. Tawresey commented that interestingly enough the fares today have a discount during the heavy use period, because most users use the coupon books, which are discounted for frequent use. The RCW does allow for discounts for reasonable commutations. It is a problematic issue to take away a discount and implement a surcharge to the very people that support the system, this will be very controversial.

### **PROGRESS OF WASHINGTON STATE FERRIES PLANNING STUDIES**

Mr. Deardorf provided an update on WSF planning activities that will have significant bearing on defining the Department and WSF's future.

These efforts are all related and have influence on each other's outcome, although some have different deadlines. Some examples of what's underway in planning efforts are in the Washington Transportation Plan (WTP) official draft due by September 2005. Background work and public discussions are underway, concurrently as part of that WSF's long-range strategic plan that is being developed with a draft expected by June 2005. As outcomes develop they will also be incorporated into the WTP. There is a more near term 10-year passenger vision study that was commissioned by the Legislature that is due next month. Coleman Dock efforts are underway, with an EIS for a significant expansion at the dock. The scoping process will follow on the heels of the ferry system's long-range plan.

Chair Stedman inquired who is performing the long-range strategic plan for the ferry system.

Mr. Deardorf responded that the ferry system is working on the plan. He explained that the ferry system is tied in with the WTP, but has also been developing some range of service concepts. The ferry system's long-range strategic plan looks out twenty plus years at long-term service and capital needs. There has been enough technical work done so far, based on forecast models, that use regional population employment forecasts, that ferries is looking at a growth in ridership from currently twenty four million to about forty million by the year 2030. Of that it is projected that there will be a forty percent growth in vehicles carried between now and then. This varies by service area and route. There will be preservation needs during that time period. An example of that would be a number of fleet vessels that will be hitting the sixty-year mark by 2030. This will trigger the question of whether or not the vessel is renovated or replaced. He provided a brief overview of service area issues that will impact the system and its terminals as ridership increases over the next decade. The ten-

year passenger vision can be looked at as a first component. We were directed by the Legislature to develop a near term evaluation how best to move forward passengers across the central Puget Sound area. Where best to use combinations of passenger-vehicle ferries and passenger only ferries, and to prioritize the evaluation of four passenger-only routes.

Commissioner Fisher inquired if there would be a possibility of looking at a Port Townsend to Bellingham route. Secretary MacDonald responded that that would not be a possibility.

Mr. Deardorf commented that there is a North Sound Study on that issue being performed through the Whatcom Council of Governments.

Commissioner Ford inquired if the ferry system is integrating with relationship to the highways. Mr. Deardorf responded that “yes” the ferry system is looking at those issues within the WTP. Secretary MacDonald responded that there are all kinds of opinions regarding multimodal opportunities. At the center of this issue is Coleman Dock planning.

Mr. Deardorf touched on the interrelationship of Coleman Dock in the long-range planning efforts.

The outcome of long-range planning efforts has many implications and will shape the ultimate facility needs for Coleman Dock. There are traffic studies being performed related to the Coleman Dock effort to determine if it is operationally feasible to bring four passenger-vehicle ferry routes into downtown Seattle. He explained that it is challenging to develop a long-range vision for the system while some of these mid-range issues are being resolved. Whatever the outcome is of the Keystone Harbor discussion will impact how the long-range plan moves forward.

## **ELECTRONIC FARE COLLECTION TOUR**

Sam Kuntz, Chief Financial Officer, WSF, provided an overview of the Electronic Fare Collection System (EFS). There will be kiosks available at various locations where tickets can be purchased. This new feature brings exciting concepts and growing revenue. An example is; hotels will be able to open an online account and print tickets at their place of business, adding the cost to the guest’s room bill. One of the advantages is that frequent users will be able to open an account online from their homes, and purchase monthly passes that automatically debit to your account. He explained that the Smart Card is a stored value card. In the future there can be opportunities to develop discounts based on stored value rather than a stored ride. This is a major shift from today’s tariff policy. The Combo Card will be used only by WSF. It would be used as a monthly pass that is restored on a monthly basis. There will be paper tickets available for purchase at the kiosk or tollbooths. Technology is advancing rapidly and in the future the system may be updated and added to.

Commissioner Maher inquired if a fee for Internet access can be added to tickets. Mr. Kuntz responded that that is a great idea.



Commissioner Forner commented on generating funds from advertising, and possible policy issues that may result.

Mr. Kuntz responded that there was legislation that authorized certain type of activity to raise revenue. The legislation was explicit that those revenues would be deposited into the ferry operating account. He commented that one of the significant internal control aspects of the new system is that there will be loops in the tollbooth area that will detect a vehicle's presence. There is an expectation that a transaction will take place. If there is no transaction there will be picture taken for further analysis. On the passenger deck level of the ferry there will be a turn style that requires a ticket to get on to the ferry. Once the ticket is scanned it will be voided, which will disallow further use. The implementation of the project will begin at the end of the peak season and phased in over a several month period. Currently the project is on time - on budget.

Ferry staff provided an overview of the point of sale system.

### **PUBLIC TESTIMONY AND LEGISLATOR COMMENT**

Vickie Mercer, resident, Vashon Island, shared that an island wide survey clearly established that there is opposition to any reduction in services between Vashon and Fauntleroy. Ferry users on the island do not want to go into downtown Seattle.

The survey and data information collected has been provided to the ferry system. She encourages that WSF seriously examine these issues.

Bill Wright, citizen, Friday Harbor, expressed that he is not clear regarding the proposals of the Tariff Policy Committee.

The Tariff Policy Committee has no charter or process, and does not keep meeting minutes. They do not have adequate knowledge or facts to make any decisions on tariffs.

Eugene Hoglund, Citizens for an Elevated Solution, expressed his concerns regarding the Alaskan Way Viaduct tunnel alternative. He stated that there should be an investigation in order to make certain that there is no cover up such as what he believes to have occurred on the Boston highway project (The Big Dig).

Secretary MacDonald commented the perception of tunnels in general have been painted in a tabloid fashion. He stated that the Commission would be provided with the relative risks of tunnels and bridges.

Commissioner Forner commented that if tunneling is done properly it should be a part of our transportation system.

## **GRAY NOTEBOOK – BEIGE PAGES**

John Conrad, Assistant Secretary, Engineering and Regional Operations, provided a briefing on the Beige Pages of the Gray Notebook, which included a summary of project advertisements, awards and completions. The summary covered quarterly developments in the delivery of the 2003 Transportation Funding Package for the quarter ending September 30, 2004. Several of the highway projects funded by the Nickel Account are now under construction.

Paula Hammond, Chief of Staff, WSDOT, provided a briefing on rail and ferry capital programs. The Tacoma/Morton line repairs are underway and should be completed by biennium end. High-speed crossovers in the Tacoma area near Titlow Park will begin construction November 2004 and should be completed by the end of the biennium. Ferries capital projects; work is beginning for a new multi-modal terminal at Anacortes that will modernize the existing ferry terminal which serves four San Juan Island destinations and Sidney, B.C. The Mukilteo Multimodal terminal project is a Nickel project that has a companion project funded by pre-existing state revenues and federal grants. This project is within budget and on track to finish as scheduled July 2010. The Department is watching some projects closely for sign of changes in cost, schedule or scope that may be at risk due to developments and discoveries during the project delivery process. Catch-up preservation addresses the backlog of deferred ferry system preservation work. The revised expenditure plan reflects the acceleration of work into the 2003-05 biennium and the additional funds newly allocated from the 2013-15 biennium.

Secretary MacDonald commented that there is an evaluation of systems to determine whether or not the systems are within their lifecycle. Legislative benchmarks indicate where those levels are supposed to be. Progress has fallen short and this is to catch-up the rate of the Ferry Preservation Program to meet Legislative benchmarks.

Commissioner Fisher asked where the catch-up money comes from. Ms. Hammond explained that there was an allocation made in the Nickel Fund for preservation.

Mr. Conrad outlined the proposed adjustments to delivery planning. Projects sometimes identify the need to make adjustments to construction delivery spending schedules or completion dates. Others may require adjustments to critical dates. He provided an overview of eight specific projects that fall within adjustments.

Ms. Hammond explained that the Nickel Package funded \$2.8 million dollars worth of safety improvements on State Route 99 in the City of Tukwila. Since then, the 2004 Legislature transferred that portion of roadway to the City of Tukwila, which now makes it a city street. The Department's request on the adjustment is to transfer the funding from the Highway Improvement Program into Local Programs, where the city will have to devote funds in the biennium where they are available for the safety improvements.

Chair Stedman asked if this type of transaction requires action on the part of city government.

Ms. Hammond responded that there is a process called route transfer, in law, that puts the Transportation Improvement Board in the role as go between. Other cost and schedule concerns in capital programs include a conflict that involves a Nickel project rail project in the Bellingham area. This project would upgrade the track and would allow for service enhancements for the inter-city passenger rail. Since then BNSF has become more operational and is now working with them on the use of the tracks. The Department is waiting for resolution on this issue. The Palouse River & Coulee City Rail Road acquisition negotiations have progressed. The Department has now completed the purchase of the line and has signed an operational lease with the operator. Next will be the creation of an Operational Oversight Committee.

Chair Stedman questioned if there is a deadline to make changes on the quarterly Beige Pages. Ms. Hammond responded that it is a struggle to report at the end of each quarter, by the time the document is finalized and published changes have occurred. Secretary MacDonald responded that at some point the numbers must be closed in order to send the document to print. The numbers describe the project at a particular time, and then a week before printing there are changes to the numbers.

Commissioner Ford suggested that if the numbers have changed a separate memorandum indicating what has happened and when should be provided.

Mr. Conrad provided an update regarding the cost and schedule concerns from the project "watch list". A project of concern is the I-5, Chehalis river flood control. The 2003 Transportation Funding Package sought to alleviate chronic flooding problems on I-5 in Lewis County, not by roadway elevation, but by a less expensive approach of increasing the capacity of the Skookumchuck River Dam, and building a levy system that would protect residential areas in Centralia and Chehalis as well as I-5. A lack of federal funding presents a major obstacle to the project. The Department will need to advance funding into this biennium in order to fund this work.

Megan White, Director, Environmental Services, provided an update on the Clean Water Act Section 404 Requirements for Manmade Roadside Ditches (Talent Decision). She explained that under this new approach, the Corps of Engineers is requiring WSDOT to develop non-standard information on all ditches present in project areas. In the past these roadside ditches would not be included in the permitting process.

This approach to implementing the Talent ruling is threatening broad impacts on highway construction and maintenance programs. To date, twenty-three Nickel projects have been affected by the Corps new approach, with some experiencing delays.

Secretary MacDonald expressed his dissatisfaction with the bureaucratic permitting process that the Talent Decision has created.

### **PROPOSED TRANSFER OF SPENDING ALLOCATION**

Greg Selstead, Director, Project Control and Reporting, provided an overview of the 2003 Legislature's decision to give the Transportation Commission some flexibility to adjust the Nickel Program. There are three areas where the proviso can be exercised; if there are funds allocated to the project in excess of the amount needed, those funds can be available to be transferred within the biennium, and may be made only if they do not impact the overall financial plan. When we look at the overall financial plan we determine if the proposed projects can be delivered within the financial plan. The nine projects that are proposed for adjustments are: I-5/SR 526 to Marine View Drive, 1-5, Rush Road to 13<sup>th</sup> Street Drive NW, Core HOV, SR 24/I-82 to Keys Road, SR 99, South 138<sup>th</sup> St vicinity to N of South 130<sup>th</sup>, SR 161, 234<sup>th</sup> Street to 204<sup>th</sup> Street East, SR 167, 15<sup>th</sup> Street SW to 15<sup>th</sup> Street NW – HOV, SR 202, Junction 292<sup>nd</sup> Ave SE, and SR 20, Quiet Cove Road vicinity to SR 20 Spur.

*It was moved by Commissioner Maher and seconded by Commissioner O'Neal to approve the transfer of spending allocation on the above-mentioned Nickel projects. The motion passed unanimously.*

### **PUGET SOUND REGIONAL COUNCIL (PSRC) PRICING PILOT PROJECT**

Aubrey Davis and Mathew Kitchen, Puget Sound Regional Council (PSRC), provided a briefing to the Commission regarding congestion pricing. Mr. Davis explained that in 1995 PSRC and the state decided that our funding system for transportation was not working very well – nothing has happened since to change that impression. A group was assigned to look at the issue and what to do about changing the transportation funding system. The first thing that was looked at was the cost of transportation. In 1998 the price tag for transportation was \$26.2 billion dollars. The existing road finance system is financially weak, system performance is declining and the gas tax is perceived as unfair. In Destination 2030 it was agreed that we would design and implement a roadway pricing demonstration project prior to 2006. The Federal Highway Administration (FHWA) awarded \$1.88 million dollars in grant funds for the Puget Sound region study. The funds come from the USDOT/FHWA, and is administered by WSDOT to PSRC.

Mr. Kitchen explained that vehicles of households that have volunteered for the project will be equipped with a metering device that has a Global Positioning System, receiver chip, and a cellular chip. The purpose of the device is to allow simulation of a tolling environment. Participants will be selected randomly from an enriched pool of potential participant households. Participants will be exposed to congested roadway conditions, and will be offered incentive to modify their driving behavior. The toll model in development will include economically efficient pricing that is based on roadway loading/congestability. Value pricing stops the death spiral of conventional road financing.

The charges would be levied selectively on certain vehicle miles, which would control excessive congestion during peak periods. It also generates the revenue to build capacity when it is really needed. The revenue is collected from those who burden capacity. The outlook is that the project will show feasibility of GPS based solutions for tolling applications in the United States. A successful operational result may influence long-term planning and policy making in the Seattle region.

Jennifer Ziegler, Commission Administrator, inquired if any of the participants expressed concern about their privacy, and having someone tracking their travel.

Mr. Kitchen responded that privacy questions did arise from participants. The On Board Units (OBU) are currently being installed in participants vehicles, baseline data collection and analysis will begin and the project will be up and running by March 2005.

Mike Cotton, Sound Transit Projects Director, WSDOT, provided an update regarding Sound Transit projects. The first Sound Transit project in the State of Washington, the Lynnwood access, opened to the public today. The Bellevue direct access ramp will be opening in December. There are also two other projects under construction, the Ash Way direct access project and the Federal Way direct access. There are two other projects that will be advertised, I-90/Eastgate and I-405/Kirkland. We continue to work with Sound Transit on four other projects where construction is expected to begin in 2006.

#### **PROJECT UPDATE: SR 99, ALASKAN WAY VIADUCT AND SEAWALL PROJECT**

Dave Dye, Administrator, Urban Corridors and Northwest Coordination, provided an update regarding the status of design alternatives for the Viaduct. Public outreach efforts have focused on selecting the preferred alternative.

Maureen Sullivan, Project Director, WSDOT, shared that this has been an extraordinary process in developing the alternatives on the engineering side. The process that has been used is unique, and the public's engagement is astounding. There are five alternatives on the table; three of them to some degree have not come to the top because of specific issues. The surface option did not meet the traffic capacity need; the bypass alternative limited access to downtown, the aerial structure, which would be larger than the current Viaduct, was not a popular choice. The two alternatives left are the rebuild and the tunnel. Both provide the critical capacity needed in the corridor and include the replacement of the seawall.

The tunnel alternative is strongly supported by many for the opportunity it provides to renew the downtown waterfront, however, the higher cost and the fact that it is not easily broken into smaller stages has complicated the decision.

The rebuild, while less costly, does not meet the long-term vision intended for the waterfront and maintains the physical barrier that separates downtown from the waterfront.

Mr. Dye commented that a decision on the preferred option should take place sometime in December 2004.

Secretary MacDonald shared that there is a public drift towards the tunnel, but the problem is that it is more expensive. The option must be kept open that there may be a default to another alternative based on available funds. This must be crafted within the NEPA process.

The regular meeting of the Washington State Transportation Commission was called to order at 8:30 a.m., on November 17, 2004, at the Transportation Building, Room 1D2, 310 Maple Park Avenue SE, Olympia, Washington.

### **WASHINGTON TRANSPORTATION PLAN: EMERGING DIRECTIONS**

Charlie Howard, Director, Strategic Planning and Programming, provided a wrap up of the Commission's October 19, 2004 WTP milestone event. The Department has heard from the cities, counties and tribes on what their emerging needs and issues are, and what their comments were on what we found out during the data development of the plan. The Department also heard from specialized panels on safety and demand capacity imbalance, freight and other issues as well. This is a transition point in WTP update – where the Department has spent a significant amount of time collecting data and analyzing what the issues are in the state. We have identified ten major issues that are being worked on: system preservation, safety, transportation access, moving freight, strong economy and jobs, health and the environment, bottlenecks and chokepoints, system efficiencies, building future visions and funding and regional governance. This transition period will lead into phase two, which is working out program directions and proposals, that will lead into the Commission being actively involved in the prioritization of those and the adoption of a plan later this year. Today's expected outcome is to seek the Commission's endorsement of the results of Phase one areas of targeted investment. These areas seem to be areas where the Department needs to work on program direction. The proposed areas of targeted investment will be further developed in Phase two, and become part of the Commission's prioritized investment proposal to the Legislature in 2007.

Commissioner Forner asked where the bridge preservation and replacement fall at within the WTP. Mr. Howard responded that narrow bridges and approaches have been identified as a need, and fall within preservation.

Commissioner Fisher asked if there would be cost associated with each bridge. Mr. Howard responded that some of the bridges would be on the planning agenda over the next few years.

Commissioner Barnes asked if rail should be included in safety. Mr. Howard responded that it has been identified that pedestrian rail trespassing has been the largest source of fatalities.

In February 2005 the Department proposes to come back to the Commission in four-hour workshops in February, March and April laying-out program directions. In May the Department would look at any Legislative action that may have an affect. At this time the

revenue discussion would be brought in to look at different scenarios and consideration of any federal funding that may take place.

The base level investment will be brought into the mix at this time. He explained that the Department of Community Trade and Economic Development (CTED) is identified as a partner in the needs of industry cluster, and developing a focused transportation economic program. The Department is also working with the Traffic Safety Commission and the Washington State Patrol as well as other organizations. The Department will present four-hour WTP workshops to the Commission in June, July and August focusing on prioritization. He pointed out that the Commission would review and adopt the draft WTP in September, and adoption of the final version is expected to occur in December 2005. He requested that the Commission give a conceptual nod as to the work plan, the timing of the adoption, and the way the list of areas of targeted investment have been proposed, recognizing that this is still open for discussion until the Commission adopts the plan.

Commissioner Ford asked if it's fair to say that if there is no new money on the horizon, the plan could be pretty brief, a couple of pages, and let it go like that. Mr. Howard responded that it's important to lay out a plan with no new money that has aspirations included. The primary focus is what can be done to support our economy and to keep Washington livable. Both plans need to be laid out in order to understand what the base case is.

Secretary MacDonald commented that if there is no new money the broad contours of the program are pretty well laid out. There are some conflicts with what little multi modal money there is, about how to best spend it, in a truly resource constrained environment. If you continue to link the spending side with the revenue side the problem solves itself, and it feathers into some kind of equilibrium as the Legislature reacts.

Commissioner Ford commented that it would be irresponsible not to match up the initial phases of an action plan with a revenue package. This gives the Legislature something to work with.

Chair Stedman asked how this plan is seen as an improvement over prior plans. Mr. Howard responded that this plan is taking a strategic reality based approach where the investment plan has to be balanced with a funding proposal.

Secretary MacDonald commented that the rationale to the plan is to understand statewide issues, and have a plan where we can work through the issues.

Commissioner Fisher commented that when the last plan was done there was every expectation of a revenue package that would at least keep up with inflation. That was before Initiative 695, when transportation took a tremendous hit.

Commissioner Forner commented that she feels that the Department's effort in working with the RTPOs, MPOs, cities and counties has been very beneficial.

Chair Stedman asked if the structure of the plan targets specific projects. He expressed concern that this might create concern that specific projects are not listed. Mr. Howard responded that there would be more detail in future versions of the plan.

Commissioner Ford commented that he likes the concept, and the discussion of prioritization must be continued.

Chair Stedman asked Commissioners if they are comfortable with the direction that the WTP has taken. Commissioners agreed that they are in approval, but would like for prioritization to be moved forward in the plan.

## **2005 LEGISLATIVE PROPOSALS: ASSOCIATIONS AND LOCAL FUNDING BOARDS**

### **Association of Washington Cities**

Jackie White, TPEAC Specialist, Association of Washington Cities (AWC), shared with the Commission a Resolution that was adopted in June 2004 for their 2005 plan. She expressed that this does not mean that all decisions have been made, but it sets the stage for the Legislative agenda for the year. The AWC has been working very closely with the Association of Washington Counties and elected officials for the last several years on all areas of concern. For the last several years that has been a lot of effort gone forward with the WSDOT's Highways and Local Programs Division to gather pavement information for the first time with the AWC. In conjunction with the Department a central database was created that has collected over eighty percent statistical information regarding city streets. This data tells us that there is a preservation and maintenance problem within cities.

Commissioner Fisher commented that cities and counties should discuss the distribution of taxes, given that annexations now occur everywhere. Ms. White responded that cities and counties have met, and are actively working together.

Scott Merriman, Association of Counties, commented that the Legislature directed the Department of Community Trade and Economic Development (CTED) to do an annexation study to look at challenges that are facing cities and counties with respect to annexation. There are a lot of them, and most of them revolve around the assets and liabilities associated within annexation, particularly the infrastructure. How does one finance the infrastructure and then have it assumed by another through annexation. What happens to the income, the debt and design of those infrastructure pieces. There is an effort that is being worked on and there will be some recommendations to the Legislature to try and provide a series of solutions. One of the solutions coming forward is to encourage cities and counties to have inter local agreements with respect to annexation, so it can be decided up front that if there is an investment made who has the financial responsibility once annexation occurs. Right now counties are not making any investments in urban growth areas, because as soon as the investment is made the asset goes and the debt stays.



The reality is that this is a poor business decision that affects the transportation system.

Ms. White stated that the cities and counties are working together to come to a resolution, so that there is not a tug of war during the legislative session. AWC is pursuing additional gas tax distribution and looking for local options so that community needs can be met. We are also looking at freight mobility enhancements.

Commissioner Ford commented that if perhaps the gas tax is raised by five cents, why shouldn't the local authority be allowed to raise the five cents, and my five cents would go to the community where I reside to improve its roads. Why should the Legislature assess this tax, why can't the city council.

Ms. White responded that there is a local option gas tax, that is a third of a penny. Several times jurisdictions have attempted local options.

Commissioner Ford questioned why jurisdictions should have better roads if they will not vote for it.

### **Washington State Association of Counties**

Mr. Merriman stated that cities and counties are currently discussing a deal. It has already been agreed that the existing distribution formula will not be revisited. We are now discussing the possibility of new revenue from the gas tax, how much should go to the cities and counties, and how it should be distributed. Cities and counties acknowledge that if there is not an agreement amongst themselves what is the point of having conversations with the Commission and the Legislature and other interested parties. We do know that whatever revenue is received it needs to be a combination of funds for direct distribution and money for programs through our funding partners, that include the Department, the County Road Administration Board, the Transportation Improvement Board and the Freight Mobility Strategic Investment Board. There are responsibilities for the local system and the state system and we need to figure out how to make them work together. The transportation revenue package also has a series of options that can be imposed at the local level, the debate that we need to have with the Legislature is – do they need to be imposed with a ballot measure or can they be done through leadership at the council level. In conclusion the transportation plan is helping to form the decision of what needs to be invested and what the priorities are.

Chair Stedman asked what the current options are for cities and counties. Mr. Merriman responded that some of the options being considered are: a fuel efficiency tax, a local option fuel tax, street and city authority and a vehicle license and weight fee. Industry refuses to agree with fuel taxes.

Commissioner Fisher commented that it should go to the Legislature as opposed to local ballots.

Commissioner Forner asked if the cities and counties have found a way to assure votes that a local gas tax, if imposed, would go to transportation only. Ms. White responded that almost seventy percent of transportation funding comes out of their general fund.

Mr. Merriman responded that ninety percent of the county transportation funds are not dedicated by law.

### **Transportation Improvement Board**

Steve Gorcester, Director, Transportation Improvement Board (TIB), shared that TIB is a state agency that provides grants for local transportation capital projects to all urban areas and cities in the state. TIB is funded by dedicated revenue of about three cents of the gas tax, with six funding programs offered. The programs are the Transportation Partnership Program that principally builds capacity for concurrency and economic growth, the Arterial Improvement Program that reconstructs dilapidated facilities and corrects safety deficiencies. There is a dedicated Sidewalk Program which is intended to connect together the often discontinuous segments of sidewalk that are seen in urban areas.

There are several similar programs for small cities. A new program is currently being developed for small cities, New Streets for Small Cities Program, which is a maintenance and preservation program. TIB also provides the federal match for small cities with populations under five thousand, when they use federal funds. TIB is seeking additional funding for the Urban Corridor Program, which will help to change the way that business is done with respect to urban corridors. TIB is looking for new funding to build up the Small City Preservation Program, to restart direct grants to small cities for preservation expenses, and to fuel the agreement with the Department.

There are a couple of requests from other parties that would drive programs that TIB encourages, supports and hopes to accomplish. One is to restart our former Public Transportation Capital Program, which sunsetted with the repeal of the Motor Vehicle Excise Tax, and also a dedicated program to support the complete streets concept, which connects together non-motorized facilities. TIB also expressed support for additional funding for the County Road Administration Board, Rural Roads Program, and for ongoing funding for the Freight Mobility Strategic Investment Board's freight projects.

An urban corridor project on the Highway 99 corridor in South King County is currently undergoing a major revitalization converting to an urban arterial and in some cases a downtown street. This means that the facility needs better accommodation for pedestrians, bicyclists, transit access, and intersection improvements and capacity. The corridor is half-way completed. However, the grant program operated the traditional way has driven TIB into twenty-two individual grants in order to accomplish most of the corridor. Mr. Gorcester indicated that he would like to change the way we do business in corridors like this, so that TIB adopts certain corridors around the state that it intends to make a lifetime investment in,

and then map the investment out over the life cycle of the construction project. That way it is not necessary to reapply for additional funds if the project meets certain benchmarks. This will drive corridors to completion much faster.

The TIB Small City Program is being expanded at this time with increased investment. TIB is responding to the unfortunate sunset of the Small City Preservation Program, which was administered by Highways and Local Programs. TIB cannot allow the infrastructure in small cities to fail. The public value of that infrastructure is too great.

The majority of the small cities cannot generate enough money to keep the infrastructure operable. TIB is working with all of its partners toward a different concept for small cities, where a multi-disciplinary team from WSDOT, TIB, CTED and the Public Works Board, assess the high priority projects in the community, and work to deliver them as a package. This has been done in a couple of communities, and has worked very well. An example of this is Republic where all new utilities went in under federal grants. All of the streets were torn up as a result. Through a combination of TIB, Sidewalk Projects and New Streets Paving Program using the WSDOT's Preservation Program for Highway 20. All of main street in Republic was rebuilt and repaved all of the arterial streets in town at one time, which generated much better prices than could be obtained with individual projects. There is the same type of project coming up in Chelan this year.

This concept has driven a new contract between TIB and WSDOT where TIB can task order state highway paving projects to include town streets in the initial contract, and therefore purchase asphalt at WSDOT prices. TIB is hoping to deal with its programs that are shrinking as a result of the projected reduction in gas tax proceeds, the funding ration and the increase in cost of the system over the last sixteen years, there is more business to do – not less.

Chair Stedman inquired about TIB's biennial revenue of \$197.4 million dollars. He asked what the projection is for the next biennium. Mr. Gorcester responded that the program is typically about \$100 million dollars per year. Funds have been shrinking as a result of forecasts. Next year TIB will need to drop about \$5.5 million dollars in new awards as a result of a projected reduction in proceeds from the gas tax. Over the six-year financial plan there has been a reduction of about \$16 million dollars out of the funding programs as a result of the forecasts.

Commissioner Forner commented that the Small City Paving Program currently falls under WSDOT, Highways and Local Programs. She inquired if Mr. Gorcester is suggesting that the program be transferred to TIB.

Mr. Gorcester responded that TIB is asking for the program to be funded at TIB. TIB feels that the program needs to be funded somewhere, if not at TIB then at WSDOT Highways and Local Programs. TIB wants the program at TIB because it has an approach in small cities that would take funding from all three of its programs. If the program is not funded then TIB intends to bring it back by extracting funds out of its financial plan over the next six years.

Communities cannot wait six years. TIB considers small cities one of the more important lines of business. The program should be funded, if it doesn't get funded in TIB, then TIB would support, and work to accomplish, the renewal of the funding within WSDOT.

Commissioner Fisher asked if TIB members have discussed raising the three cents. Will there be new revenue requested from the Legislature. Mr. Gorcester responded that "yes" TIB would be requesting approximately a one half-cent increase for both programs.

### **Freight Mobility Strategic Investment Board**

Karen Schmidt, Director, Freight Mobility Strategic Investment Board (FMSIB), introduced four FMSIB members in attendance: Chair Dan O'Neal, Secretary Doug MacDonald, Dick Marzano, Port of Tacoma, and Mark Asmundson, Mayor, City of Bellingham.

Mr. Marzano explained that for a number of years ports have had a marine cargo forecast that indicates that our region would continue to grow substantially. The forecast was probably a bit short last year with the amount of growth. A big part of that is because of the size of vessels calling on various ports. Future vessels will be able to hold over nine thousand containers. There is fierce competition both from Canada and various ports throughout the region. An example of port growth in Puget Sound from 1998–2003 is nineteen percent. The Port of Vancouver, Canada has grown eighty three percent. It makes it very difficult to compete with that kind of growth. Washington State is the most trade dependent state in the union per capita. The fact that Washington's growers export cargo to meet global demands allows, because so many empty containers are shipped it allows for a reduced margin.

The ports are investing. In the early 1990's it was realized that the investment could not be in terminals only, there had to be an investment in the infrastructure. There are several players within the realm of international trade; ports, railroads, steamships and trucking companies. All of these players go together realizing that the demand must be met. FMSIB worked with the Legislature to come up with a way to permanently focus attention to the needs of this vital economic highway.

By 2020 it is expected that the west coast will double its shipping volume. Now shippers and other agencies are looking to find means to avoid the west coast if their needs cannot be met. They are looking at expanding the Panama Canal as an all water route; Mexico is working towards a railroad infrastructure to bypass southern California. It is critically important that we look forward to meet shipper's demands and needs, so that ports can be prepared for the volume.

Mark Asmundson, Mayor, City of Bellingham, commented that local governments are delighted to be involved in the operation of FMSIB. It is important for local governments to be involved in freight issues, because freight moves through communities. Issues that communities care about need to be address in statewide strategy that focuses on freight and how it affects the economy. All freight begins and ends on a local road; it is not only multi modal, but it also multi jurisdictional. There needs to be networks throughout Washington State that address freight corridors from beginning to end. In some cases the corridor is a

state highway, but it is also a city street or county road where the freight movement takes place. These streets and roads are very important and critical for the economic functionality of the freight system. If your freight system doesn't work, your economy doesn't work. Our cities and counties are in the pathway of freight movement, and it's of critical importance for the success of the state economy that this freight movement be rational and predictable. Local governments cannot take care of the impact of freight through their communities based on local revenues. Particularly when there is no financial benefit to the community as a result of freight through their communities. Local communities are generating a tremendous amount of revenue that would otherwise go to general fund activities like police and fire. There must be partnerships and predictable funding. FMSIB provides a forum for equal voice and a shared vision.

An example of a cooperative corridor project is the FAST Corridor in Puget Sound. It has been highly successful, a great partnership between local governments and private sector together with state and federal funding. The Bridging the Valley project in eastern Washington involves two railroads, a significant number of grade crossings, and major issues involving local viability, local economics, and throughput of freight in an efficient manner. Dedicated funding to FMSIB would provide that state's share of fixing this highly used corridor and at the same time improve surface transportation of the Spokane community.

Ms. Schmidt explained that, in order to understand the proposal you need to understand a bit of FMSIB's history. FMSIB was established in 1998, and was originally given thirty-three projects by the Legislature that came from the FMPPC. Funding was from Referendum 49 funds, but was lost with the passage of Initiative 695. Projects are now funded on a case-by-case basis, as they have been since the year 2000. FMSIB did receive substantial assistance from the Legislature to make certain that the projects that were ready to be advanced.

Projects are selected in a rigorous review process. WSDOT, cities, counties and ports can submit projects for consideration. Partnership funding is extremely important. None of the projects could be built individually without a lot of people coming together and agreeing, and putting their money on the table. In 2003 Referendum 51 was advanced, freight projects were included in the package, and there was funding dedicated to FMSIB. Unfortunately R-51 failed at the polls. In 2004 with the passage of the "Nickel" package there were some WSDOT freight projects that were funded. One thing that will be important to FMSIB is an account that will hold private dollars for freight projects. FMSIB has been successful in working with the private sector, and has some money that is being held in trust for projects. FMSIB's request is committed ongoing project funding that is predictable. A freight mobility capital project account needs to be established with a proposed \$25 million dollars per year for locally sponsored projects. There would be additional funds needed if WSDOT projects were added. The reason that WSDOT projects are not on the immediate project list is, because even if funding were received for FMSIB's share, WSDOT does not have its share of the funds in place.

Commissioner Forner asked how FMSIB integrates with the WTP. Ms. Schmidt responded that FMSIB has provided input for the WTP. FMSIB was asked by WSDOT to work with

it in putting together the freight forum. This was part of the education in trying to bring together some of the issues from private sector into the consideration.

Secretary MacDonald commented that the freight portion of the WTP has attempted to put into one place all of the needs and issues that all aspects of freight have interest in. WSDOT and FMSIB together have improved the process as it has moved forward. The current WTP fully reflects the concerns that FMSIB has had for some time.

### **County Road Administration Board**

Jay Weber, Executive Director, County Road Administration Board (CRAB), introduced Walt Olson, Deputy Director and Chief of Engineering Services, CRAB. Mr. Weber shared that in questions were raised in 1965 regarding accountability of the counties system. As a result CRAB was formed as a state agency largely for regulatory purposes. CRAB is responsible for providing the Rural Arterial Program (RAP) and County Arterial Preservation Program (CAPP).

RAP addresses both freight and traffic needs only within the federally designated rural areas within the county (funds are not eligible within urban areas). CAPP has no jurisdictional boundaries within the county. Any major arterial or collector within the county qualifies for CAPP pavement preservation dollars. He explained that as we move forward CRAB will be experiencing on the county system the same thing that is being experienced on the state system, that is the ability to construct to a growing and changing need, and to balance construction dollars with maintenance dollars to maintain the system as it currently exists. The Legislature was correct in developing a standard of good practice for maintenance across the entire county system. There were no funds granted to accomplish this request. CRAB's request to the Governor for inclusion in the budget is \$433 thousand dollars in the next biennium for the agency, and \$4.8 million dollars to be distributed to the counties in order to meet the Legislature's deadline. One of two things will need to occur, either the money will be provided or the deadline will need to be withdrawn or moved back. He commented that he would argue for dedicated funding source for FMSIB.

It is critical for the state in near term and long-term futures.

Commissioner Ford inquired if CRAB is asking for increases in addition to maintenance planning from the Legislature for grant making. Mr. Weber responded that CRAB is currently not requesting any money from the Legislature, because the Washington State Association of Counties (WSAC) is CRAB's appointing authority. WSAC has not made that determination as of yet. As soon as WSAC's determination is made then we will be able to see how it will affect program delivery.

Commissioner Forner asked when the maintenance needs document will be completed. Mr. Weber responded that the Standard of Good Practice and the Model Maintenance Management Program is developed it should be forwarded to counties, and in place by December 31, 2007. CRAB would report to WSDOT in 2008.

## **Washington State Transit Association**

Mike Harbour shared that state and public transportation agencies need to be in partnership to meet public transportation needs. Public transportation is a local and state responsibility and public transportation agencies have stepped forward to this. WSTA has tried to identify state interests and proposes to use specific funding proposals to address state interests. WSTA's proposal focuses on several of the key issues raised in the WTP, specifically access, system preservation, efficiency and safety. Providing access to transportation for everyone, especially those with special transportation needs. A large portion of Washington's population does not have access to an automobile. Public transportation is in a unique position and has a unique responsibility to address this need. This is WSTA's highest priority. Currently WSDOT spends approximately \$15 million dollars per year on public transportation, whereas local public transportation agencies spend approximately \$100 million dollars per year on meeting the requirements of the American with Disabilities Act. This is addressing only a small part of the special needs population. Other transportation needs are met by service providers. Rural parts of urban counties are outside of the public transportation benefit area, and also fall outside of the current WSDOT funding programs. WSTA is proposing a specific funding program of \$50 million dollars from the state to address special needs transportation.

This funding program is proposed to have three elements with a portion being distributed directly to public transit agencies; a portion to non-profit agencies, that meet certain criteria, and a third portion available through the Department through a competitive grant program. A competitive grant program is important to meet needs that are not clearly identified, and also to encourage innovation. Washington State has a national reputation for being innovation, and meeting needs particularly in rural areas and other special needs populations.

The second part of the program encourages addressing system preservation. WSTA is proposing that the state provide a capital matching program to assist agencies in maintaining their equipment and facilities. With the assistance of Motor Vehicle Excise Tax funding the system expanded, but now those capital facilities and equipment are coming of age and need replacement or major renovation. WSTA is proposing that the state provide twenty percent of the capital costs in a matching grant to local agencies. It is also important to address system efficiencies and public transportation's role in that.

There are a number of programs specifically for system efficiencies. Alternate modes of transportation can have a significant immediate affect on the transportation system. WSTA also suggests a transportation construction mitigation program, and encourages that the Department consider that whenever there is a significant construction project, that as part of the budget there be an investment in public transit or transit demand management techniques to help address the congestion that is caused by construction. WSTA feels that it is important to continue to invest in park-in-ride facilities, HOV lanes and expand the vanpool program. Safety is also an area of concern, and WSTA would like to implement a program called Safe Pass to Transit. Pedestrian accident statistics indicate that those types of accidents are the highest around transit facilities and bus stops. By addressing this, a partnership could be formed with transit agencies and local jurisdictions. This would benefit

schools and all other pedestrians. Special needs investments would provide improved access and mobility for Washington citizens. The highway system is relative to transit systems, and public transportation can play an important role.

### **Puget Sound Regional Council**

Julia Patterson, Chair, Transportation Policy Board, and Rick Olson, Director of Government Relations and Communications, thanked the Commission for inviting them to today's meeting.

Ms. Patterson explained that PSRC is working with a broad array of interests to figure out how to move transportation projects forward in the Puget Sound region. These projects are important to supporting the economic vitality and economy of the central Puget Sound region and the entire state of Washington. PSRC's Transportation Policy Board has been engaged in a state required review of the status of transportation plans over several months.

Thus far, the Board has learned, since the Destination 2030 plan was adopted in 2001 there has been a lot of progress. In 2001 overall transportation funding shortfall was estimated to be over \$45 billion dollars, now the estimated shortfall for Puget Sound has been reduced to \$30 billion dollars. Approximately \$6 billion dollars is transit, and the balance is roads. The most important tool to close the gap between the needed investments and available funding is to keep the economy growing. New economic projections are the biggest reason why the shortfall has been reduced, and that's why the region is first focused at this time on doing everything that can be done to enhance economic competitiveness.

Economic forecasts are not the only reasons for progress. A great deal is owed to the Legislature and to the Governor, because they made a down payment on the transportation plan by funding dozens of transportation projects in the region through the passage of the "Nickel" package. RTID projects have been prioritized in the plan by working closely with cities, counties and with the state to prepare a future ballot for regional funding. Sixty seven percent of central Puget Sound voters approved a regional ballot for funding transportation projects put before them. Major state projects will also need the investment of state funds as well. By finding additional state investment in large projects, such as the 520 Bridge and the Alaskan Way Viaduct, will improve the ability to be successful at the ballot with the regional package. Improvements can be made to the enabling legislation to the underlying statute of the RTID that will enhance the ability to be successful. There is broad support throughout the region for finding common ground on transportation investments and making a unified case to the Legislature this year is important.

The Board is taking the next step in considering recommendations to let the Legislature know that the Board supports additional state transportation investments for state and local projects; emphasize that the investment should address city and county needs, as well as statewide projects; support of the creation of a special category for state funding for major safety and preservation projects, such as the Alaskan Way Viaduct and the 520 Bridge and also that the Legislature sustain PSRC's ability to go to the region for transportation funding. PSRC might consider asking that RTID and Sound Transit continue exploring a joint ballot.



This would help the public to understand the overall feasibility of putting road and transit together. PSRC might also consider asking the Legislature for state bonding authority and additional financing tools that will minimize the reliance on the unpopular sales tax.

Commissioner Maher noted that PSRC should address the needs and wants of the agricultural community.

Ms. Patterson stated that the Legislature may consider extending the RTID authority to other parts of the state.

Commissioner Fisher thanked PSRC for realizing that the regional bill is flawed.

### **PUBLIC AND LEGISLATOR COMMENT PERIOD**

Rob Johnson, Policy Director, Transportation Choices Coalition, commented that there is a great need for transportation funds throughout the state. He shared that system maintenance and preservation need to be done now on the system, otherwise a lot more will be spent in the future on replacement. System efficiency can be gained through programs like Commute Reduction programs, and active transportation investments, such as bicycling.

Secretary MacDonald asked if there is a project in the state that expands capacity on highways that Transportation Choices supports. Mr. Johnson responded that the Coalition recognizes projects that are significant.

Secretary MacDonald asked if the Coalition supports adding an addition lane on Snoqualmie Pass, I-90 from Hyak to Easton. Mr. Johnson responded that he has not spent enough time on the issue to provide an adequate answer.

Secretary MacDonald asked if the Coalition would look at projects that have to do with expansion of freight capacity and bottlenecks, and let the Department and Commission have some idea of whether the Coalition supports or opposes the freight urgent needs list.

Mr. Johnson responded that “yes” the Coalition would do that.

Chair Stedman commented that environmental groups, and others need to come to grips with the fact that, if you don’t get everything – and you get enough, you need to be more supportive of the process.

Mike Pelly, Thurston County resident, commented that he has a problem with the direction that transportation is taking. He shared that WSDOT should take a stance on light rail and mass transit. This would be a win-win for commuters.

## **NEW REVENUE SCENARIOS**

Amy Arnis, Deputy Director, Strategic Planning & Programming, indicated that the general fund state revenue estimate is up point three percent more than what was expected in September. In the 2005-07 budget period the forecast is down \$54.2 million dollars which is a point two percent reduction. If you combined the increase that is expected for the remainder of the biennium to the reduction that is expected next biennium this combination is a plus \$15.8 million dollars. Generally speaking this is a very small change in a revenue forecast.

Commissioner Fisher asked what the shortfall is on the budget. Ms. Arnis responded that the total revenue forecast for the biennium is down \$50 million dollars. The Motor Vehicle Account, from where the Department's budget comes, is impacted by \$18 million dollars and the Nickel account is impacted by \$8 million dollars. As you move out into the forecast period in the ten-year horizon even though fuel prices are projected to be higher, the forecast is not projected to continue to dip below the February forecast. There are compensating factors, such as a suggested population growth over the next decade. Hybrid fuel-efficient vehicles are taken into consideration.

Secretary MacDonald commented that it is virtuous to own a hybrid vehicle. A dividend of that virtue is not that you get to pay half of what another car pays for the road that each car is driving on. He shared that this issue still needs to be worked on.

Paula Hammond, Chief of Staff, WSDOT, stated that the Commission directed the Department to start considering what type of revenue sources are out there that the Commission might consider for recommendation to the Legislature for new transportation revenue. The Commission requested that the Department further develop a tool that might be used as different levels and sources of revenue are considered.

Ms. Arnis pointed out that if there are to be significant improvements in the state it would require both a state package and new funding, particularly regional funding in Puget Sound. The challenge is that the transportation objectives cannot be met unless there is both a state package and a regional package. There is a lot of discussion going on about federal funds that might ease the pain in the Puget Sound region. The Department is cautious about that possibility. The Department has taken into consideration potential sources of new revenue. Some of the ideas that have been considered over the last few years are the possibility of a diesel fuel tax rate that is different than gas; some sort of other motor vehicle excise tax that might be structured differently; general sales tax for transportation; sales tax on gas; gross weight fees on passenger vehicles; VMT tax and tolls. There is a lot of discussion on whether or not 18<sup>th</sup> Amendment applies to a sales tax on gas.

Commissioner Forner requested a chart that reflects the type of businesses or vehicles that are exempt from the state gas tax.

Ms Arnis suggested that when the Commission is considering new revenue options, it should take into consideration whether additional amounts have been applied towards maintenance or any other enhanced package.

Motor Vehicle Excise Tax, when it was being imposed by the state, there is a provided clause in the 18<sup>th</sup> Amendment that says “provided that, any sort of property tax placed on the value of a vehicle is not under the preview of the 18<sup>th</sup> Amendment”, so when it was being collected it was not deposited into the Motor Vehicle Fund, it was deposited into the multi modal account.

Commissioner Fisher indicated that the sales tax would be dependent on how the bill is written.

Ms. Arnis commented that it would depend on how the legislation is written, and then the tax would be treated accordingly.

Commissioner Forner commented that it is not protected by the 18<sup>th</sup> Amendment, and can be changed by a majority in the Legislature. This is not a predictable long-term funding source for transportation.

Ms. Arnis noted that in order to move ahead there must to be continued efforts towards on-time delivery and tolling on the Tacoma Narrows Bridge, and supporting HOT lanes legislation that is being proposed this session. Over the course of two sessions the RTID has brought forward legislation to make certain that tolls can be collected on the rebuild of the 520 Bridge, and that toll revenues can be used not only to pay for debt on borrowings to build the bridge, but also for the maintenance and operation of the bridge. Finally, all efforts that the Department or others may be moving forward with are to continue congestion pricing, and system-wide tolling and VMT taxes to support those efforts. Over the last several months of iteration RTID decided not go to ballot with several sources of funds that it had looked at.

Ms. Hammond shared that the Department has met with local agencies regarding their concerns. Cities and Counties are involved in discussing possible funding sources.

Secretary MacDonald shared that the Department is considering possible options for financing the route from Sea Tac Airport to I-5. A logical consideration is the possibility that the airport might contribute funding to the project based on the fact that airport traffic is a major contributor to the traffic congestion.

Ms. Arnis outlined some possible revenue scenarios. Scenarios that might be considered would be an increase in the Motor Fuel Excise Tax (gas tax) by five cents in July 2005; or ten cents – five cents per year over two years, with an additional five-cent increase in 2007. One possible assumption would be; one third of the revenue would go to local government, one-third for WSDOT operating expenses, and one-third to leverage and pay debt service. A possible increase in vehicle licensing fees would be by ten, twenty and thirty dollar scenarios.

These scenarios are protected by 18<sup>th</sup> Amendment. Another possibility might be a general sales tax increase and aviation revenue increase. These taxes are applied to a small population of taxpayers, and when applied over a period of ten years can have a great impact. Over a ten-year period a low revenue estimate would be approximately \$4.6 billion dollars, with a high of approximately \$11.7 billion dollars, as far as revenue increases plus bond proceeds.

Another assumption would be implementing a gross weight fee on vehicles that may or may not fall under the prevue of 18<sup>th</sup> Amendment depending on how the tax is written.

Secretary MacDonald indicated that the scenarios are being provided to the Commission as tools, not as recommendations by the Department.

Ms. Hammond commented that the uses scenarios are being provided as a result of local agencies discussions, previous considerations and pre-existing programs that may be re-funded.

Chair Stedman clarified that the scenarios and numbers are provided as useful tools.

Ms. Hammond outlined public transportation scenarios. The Department has heard from both transit and local jurisdictions that there is a need for transit operating distribution for special needs. Corridor efficiencies ideas are to have peak period transit service in congested and urban areas. There are tools in the efficiencies area such as TDM-CTR, trip planner and ACCT that need additional funding to be successful. The WTP needs a policy incorporated on how or what the state will invest in the development and operation of Park and ride lots. It's time to develop future plans with transit agencies. Cities and counties have both made requests for direct distribution of funds and grant programs. These have been aligned into city and county distribution. There will be some sort of distribution for grant agencies. The Department is recommending that each tribe have a transportation planner in order to maintain consistency in tribal needs. There is a provision in law that states that tribes can receive a refund of fuel tax equivalent to the amount of fuel consumed by tribal members. Secretary MacDonald noted that there is pending litigation questioning the gas tax arrangement on reservation sales. In the future the tribes may collect a tribal gas tax equal to the state gas tax for on reservation sales, and keep the money themselves.

Commissioner Forner commented that tribes currently receive a twenty-eight cent rebate. Ms. Hammond commented that not all tribes have agreements with the state.

Ms. Hammond outlined WSDOT operating programs that include maintenance, fuel, information technology and improving system efficiencies. Capital programs include preservation, safety, security and system efficiencies.

Commissioner Ford commented regarding problems with transit funding. Mr. Harbour responded that then status of public transportation systems varies by area. Most transit agencies have been able to restore the lost MVET dollars through local sales tax. Transit funding requests are at the high end.

Ms. Hammond indicated that the Department would continue its discussion with partners and then come to the Commission for direction.

Commissioner Ford commented that is better to go for the high number now rather than do it later.

Chair Stedman asked if the Department could create scenarios using both the existing source data and mixing in a variety of possible other sources.

This would allow for the Commission to consider various methods.

Commissioner Forner commented that possibly an escalation tax might be considered as opposed to a sudden implementation of a higher tax.

Commissioner Barnes commented that the public is tired of having the gas tax increased. Consider imposing a tax on other items, such as tires. Secretary MacDonald responded that the Department would design other scenarios.

Commissioner Maher commented that there are fees imposed on other things. Why not impose fees rather than taxes.

Ms. Ziegler commented that the distinction between a tax and a fee could be clearly defined. Advantages and disadvantages can also be addressed.

Commissioner Ford shared his concerns regarding matching minimum funding for a ten-year plan. He explained that because of the need across a broad spectrum of programs, we must be realistic in how we express those needs to the Legislature.

Commissioner O'Neal commented that the Commission must support and be able to argue funding proposals.

### **GRAY NOTEBOOK: WHITE PAGES**

Daniela Bremmer, Director, Strategic Assessment, provided a content overview of the White Pages of the Gray Notebook.

### **Bridge Assessment Annual Update**

Dewayne Wilson, Bridge Engineer, WSDOT, provided a briefing regarding bridge management and condition. He explained that there is inspection; preservation, maintenance and repair goals set annually for bridges. One-half of all bridges are inspected each year. Descriptive categories are good (ranging from no problems to minor deterioration), fair (structural elements are sound, but may have deficiencies) and poor (advanced deficiencies). The

Department is meeting its current goals. The Department has deployed its first ever in-house dive team. This team has saved thousands of dollars by beginning initial repairs and assessments.

### **Measuring Delay and Congestion Update**

Secretary MacDonald noted that traffic delay and highway congestion are major topics for the Department. In 2002 the Department reviewed the Texas Transportation Institute (TTI) report that assumed that traffic congestion in the greater Puget Sound region was rated second or third in the country. The question was posed how does the Department improve the rating. It was determined that it did not make a difference what is done, because the TTI congestion report does not actually measure congestion that is seen on roads, nor does it relate to the real conditions that are on highways. The report is a computer model that takes the number of cars and imposes it on a computer picture of roads and calculates how long travel time should be. Ramp meters do not make the report's congestion measure change. It was determined that this was not an adequate performance measure.

The Department withdrew funding from TTI, and suggested that it was not a useful tool. As a result the TTI report was changed and has become much more useful. The Department is now utilizing the report again, but in the mean time looked at ways to measure delay and congestion using real time measurements, rather than modeling whenever possible.

Charlie Howard, Director, Strategic Planning and Programming, presented four before and after ramp metering case studies. Case study 1) SR 520 ramp metering eastbound - practically eliminated stop and go traffic; Case study 2) I-405/SR 167 ramp separation project – showed encouraging relief in delay benefits; Case study 3) SR 167 Restripe Project – dramatic reduction in travel time; 4) I-5 HOV Extension Project – resulted in a twenty one percent travel time savings.

Chair Stedman requested that the Department post signage in advance of the ending of the HOV lane. Mr. Howard responded that there is signage in place, but possibly it is too near the end of the HOV lane. There will be new signage posted in the future.

Mr. Ford asked if data could be provided that would show results of an additional lane as opposed to an HOV lane. Mr. Howard responded that all lanes would be full. The HOV lane carries more vehicles than other lanes, buses can keep schedules ect. If it were an additional lane there might have been improvement, but it would have been slower across all lanes. HOV lanes provide a travel time advantages and keeps transit on schedule.

Secretary MacDonald commented that HOV lanes are more efficient, with some segments more effective than others.

### **Incident Response Program Trends**

Robin Hartsell, Performance Manager, Strategic Planning and Programming, provided an update regarding Incident Response (IR) trends. The number of incident responses has doubled from what it was in July 2002. Even though these responses have nearly doubled

the clearance time for incidents has remained consistent. He provided an overview of clearance times that indicate an overall improvement. Forty-one percent of all collisions responded to on the entire 276 miles of I-5 last quarter occurred in the eight-mile portion of downtown Seattle. Are the current deployment areas effective - is a question that will be visited periodically to ensure effectiveness of the program. The Department is mapping the areas where IR responders are deployed and is overlaying that information with all incidents since June 2002. This tool will be used to identify any gaps in the deployment areas and will help the Department in determining if additional units or adjustments are needed.

### **Highway Safety**

Pat Morin, Manager, Systems Analysis and Priority Development, and John Milton, Assistant State Design Engineer, Urban Corridors and Chair of WSDOT Highway Safety Initiatives, provided an overview of high accident locations and corridors. Mr. Morin outlined the Highway Construction Program's approach on highway safety. One approach is to look at collision reductions, where accidents are occurring and what can be done to reduce accidents both in severity in number and cost. There is a collision prevention portion of the program that will look at collision prevention versus collision reduction.

The Department uses three analysis tools to identify high accident locations (HAL), high accident corridors (HAC) and pedestrian accident locations (PAL). He provided an overview of the top ten HAC. Because a location is listed in the top HAL or corridor does not imply that the location is unsafe or that accidents are related to the design or maintenance of the highway. Crashes are caused by many factors including driver actions, vehicle condition, and weather. For each of the locations, within a region, an analysis was performed, and a target funding allocation was given to come up with proposed safety projects that will provide the greatest benefit. The Department's expectation is that in 2007-09 biennium all pedestrian accidents will have been addressed. Washington State is the leader nationwide in identifying HALs.

Mr. Milton commented that HOV signage is generally placed 1500 feet prior to the lane ending. Whereas, stripping is 1000 feet prior to lane ending.

### **Highway Construction Program**

Greg Selstead, Director, Project Control Reporting, provided a briefing on pre-existing funds projects. There are 151 projects advertised to date, which includes four contracts initiated during this biennium. All projects have been delivered with the exception of thirteen, where specific dates were missed for various reasons. This indicates that over ninety one percent of the project commitments, that have been advertised, have been met. The goal is not to achieve one hundred percent, but to deliver the projects.

Commissioner Ford asked if the Department is prepared to manage a much larger program. Mr. Selstead responded that an example of innovative management is the "Nickel" program. Mr. Conrad commented that the Department and its consulting engineers would be able to manage a much larger program.

Chair Stedman asked if there are enough consulting engineers available to handle an increase in projects. Mr. Conrad responded that the engineering firms would bring in enough employees to manage the workload.

The Commission meeting adjourned at 4:00 p.m., on November 17, 2004.

**WASHINGTON STATE TRANSPORTATION COMMISSION**

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DALE STEDMAN, Chair

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DANIEL O'NEAL, Vice-Chair

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EDWARD BARNES, Member

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DICK FORD, Member

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ELMIRA FORNER, Member

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ROBERT S. DISTLER, Member

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A. MICHÈLE MAHER, Member

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DOUGLAS MACDONALD, Ex-Officio Member  
Secretary of Transportation

ATTEST:

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JENNIFER ZIEGLER, Administrator

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DATE OF APPROVAL